SIERRA CLUB
LONE STAR CHAPTER

To: Chairman Todd Hunter, Chair, House Committee on State Affairs
Members, House Committee on State Affairs
Cyrus Reed, Sierra Club, cyrus.reed@sierraclub.org, 512-740-4086
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During our testimony for and against various bills on Wednesday, March 29th, we failed to mention several bills or approaches that we believe could get additional resources - on the demand and supply side - into the Texas market to help meet adequacy without the need for a massive gas buildout, state-financing of dispatchable generation, a specific carve-out for gas or a PCM. This is a very quick list of potential solutions that the Sierra Club does support to help our resilience and reliability. Several of these have been filed as separate bills. By Monday, I will be providing additional thoughts on how to improve the bills filed by Chairman Hunter and Rep. Shelby.

What are some ways to help reduce demand, or increase resources for resource adequacy?

Category	Bill Number or Program	Estimated Amount	Note
Adding an Ancillary Service such as DRRS	HB 4832 (Hunter) /SB 7 (Schwertner)	Estimate are that it is in the range of 3,000 - 5,000 MWs of dispatchable resources would be supported by added DRRS	Based on IMM and TAM estimates. Sierra Club favors many aspects of SB 7, including the DRRS though we believe there should be no more than a 4-hour duration requirement and are concerned by the expensive firming requirements.
Increasing Energy Efficiency Goals	HB 4784 (Anchia) bill and SB 258 (Eckhardt)	We estimate that establishing a 1 percent goal would reduce demand by 2,428,709 MWh by	The MWh goal calculation is based on calculations from Frontier Associates; the MW reduction

		2027 and would likely reduce peak demand from the current level of about 600 MWs to 1,200 MWs by 2027	assumes the quadrupling of energy efficiency KWhs goals would increase would also reduce peak demand by twice current levels.
Establishing a Demand Response requirement for winter and summer residential loads	HB 4784 (Anchia) SB 114 (Menendez)	A 5% goal for residential summer and winter peak within ERCOT should reduce demand by approximately 2,000 MWs in the summer, and 1,800 MWs by 2027	Winter load peaks are in the 35,000 MW range for residential and 40,000 MW range for summer peaks.
Raising the overall building code for the state to the 2021 energy (IECC) code	HB 3312 (Hernandez) and SB 2453 (Menendez)	400 MW reduction by 2027	The 2021 code is 5-8% more energy efficient but only impacts new construction and rebuilds
Help customers pay bills/weatherize homes	HB 3078 (Hernandez) HB 4099 (Bonnen)	Create a low-income discount and weatherization programs; help customers pay back winter storm uri securitized bills	Setting aside money from the surplus or rainy day fund to help customers pay back securitized debts or weatherize homes would help consumers
Emergency Response Service	Existing PUC-ERCOT program	1,000 MWs current for winter and summer peak seasons - could be doubled easily to 2,000 MWs with a slight budget increase from $75 million to $150 million.	Currently, approximately 1,000 MWs of demand response and backup generation is used in ERS for EEA events, based on an annual budget of $75 million with the option to go to the $100 million cap.
Distributed Energy Resource Integration	HB 3387 (Hunter) and SB 1699	Current pilot program is to integrate 80	ERCOT estimates in 2021 there are

	(Johnson) and HB 3239 (Hernandez)	MWs but there are potentially 3,000 to 6,000 MWs of DG that could be integrated and provide services and energy	currently 1,972 MWs of "unregistered" DG on the system as well as 1,000 MWs of Settlement Only DG and another 600 MWs of Distribution Generation Resources already providing ancillary services. We expect those numbers to more than double in the next few years.
Resilience Backup	HB 973 (Zweiner)	No number but the bill would create a fund to support backup power and demand response for water, wastewater and other power needs	Could lead to thousands of MWs of backup power, and demand response, making load shed much less likely for key facilities
Texas Energy Efficiency Council	HB 4811 (Anchia); SB 2404 (Schwertner)	While the bill won't directly lead to more MWs of demand, it would authorize cooperation between state agencies, utilities and federal funding opportunities.	With potentially more than $1 billion available to Texas from the federal government to provide loans, rebates and grants for energy efficiency, along with utility programs we could see thousands of MWs of reductions in the next 5 years.
Take advantage of federal funding	HB 2502 (Reynolds) HB 3061 (Zwiener)	IIJA and IRA monies can be allocated to SECO to provide low-interest loans and grants to energy efficiency and distributed technologies.	Some $1 billion could be coming to SECO for energy efficiency and distributed technologies - we should take advantage
A Dispatchable Generation Goal (1)	HB 4836 (Hunter)	Create a technologically	While we don't like HB 4836 (or SB 2015)

		agnostic specific dispatchable goal, such as 5,000 MWs by 2027 or 10,000 MWs by 2032	since they pit gas against renewables, they could be rewritten to support a specific dispatchable goal.
Totals		8,000 - 25,000 range	These are very rough estimates, but we think distributed and demand-side solutions could deliver approximately 10,000 MWs of dispatchable demand reduction and potentially more by 2027, and much more if we also had a dispatchable goal.

(1) While the Sierra Club does not believe that a Dispatchable Generation Goal is needed in our market, it would be a preferable option to state-financed gas plants, or pitting dispatchable against non-dispatchable. Setting a portfolio standard for dispatchable generation with a trading program would be a market-based approach to obtaining more dispatchable generation without impacting current or future resources.